

LAW OFFICES OF EDWARD MANIBUSAN

Edward Manibusan, Esq.

Steven M. Newman, Esq.

P.O. Box 7934 SVRB

Tun Antonio Apa Road

Saipan, MP 96950

Telephone No. 235-6520

Facsimile No. 235-6522

e-mail: emlaw@pticom.com

stevenmn@pticom.com

Attorneys for Defendants LK Corporation,
d.b.a. Rota Handicraft and Lee Byung Deuk

UNITED STATES DISTRICT COURT
FOR THE
DISTRICT OF THE NORTHERN MARIANA ISLANDS

SAIPAN HANDICRAFT,

Plaintiff,

vs.

MICRONESIA WOODCRAFT ENT., INC.,
ET. AL,

Defendants.

Civil Action No. 05-0040

DEFENDANTS LK CORPORATION
CORPORATION, dba ROTA
HANDICRAFT and LEE
BYUNG DEUK's RESPONSE TO
ORDER TO SHOW CAUSE

Date: November 1, 2007

Time: 9:30 a.m.

Judge: Hon. Alex R. Munson

COMES NOW Defendants LK Corporation (LK Corp.) and Lee, Byung Deuk (Lee), by and
through undersigned counsel, and hereby sets forth its response to the Court's Order to Show
Cause.

I. INTRODUCTION

On April 18, 2006 Saipan Handicraft (Plaintiff) filed the present action against Defendants
are LK Corporation, dba Rota Handicraft (Defendant LK. Corp.) and Lee, Byung Deuk (Defendant
Lee) and numerous other retailers and alleged manufacturers of "Bo Jo Bo Wishing Dolls."

1 On May 10, 2006, Plaintiff a Motion for Motion for an Expanded Preliminary Injunction
2 seeking "an expanded preliminary injunction order to stop all Defendants from counterfeiting, and
3 selling counterfeits, of its trademarks and six (6) specific trade dress marks, from infringing upon
4 its rights at common law and under 15 U.S.C. § 1051, et. seq."

5 On January 17, 2006 the Court entered an Order Granting in Part and Denying in Part
6 Plaintiff's Motion for Preliminary Injunction.

7 Defendants have complied fully with all orders of this Court and have entered into
8 agreements for the manufacture and sale of dolls.

9 10 **II. ARGUMENT.**

11 **A. Delay in Prosecution of this Civil Action is Prejudicial to Defendants.**

12 Defendants have been amenable to the substitution of counsel for Plaintiffs and to the
13 continuation of the proceedings. The continued delay since the Plaintiffs obtained new counsel,
14 however, has been prejudicial to Defendants and their ability to sell their dolls. This has been due,
15 in part, to representations being made to Defendants' customers that they are not authorized to sell
16 "Bo Jo Bo Wishing Dolls." Defendants have also had to incur time and expense in addressing
17 Saipan Handicraft's continued prosecution of their trademark claims before the United States
18 Trademark and Appeal Office (USTPO) despite the fact that all trademark issues should be within
19 the sole jurisdiction of this honorable court.

20 21 **B. Plaintiff is Benefitting from the Delay & its Reliance on "Inadvertent Issuance" of Trademark** 22 **Registrations by the United States Patent and Trademark Office.**

23 Plaintiff is benefitting from their failure to prosecute the present civil action at the expense
24 of Defendants. This is due in part to the continued reliance on the proceedings pending with the
25 USTPO.

26 Defendants filed a timely opposition to the Saipan Handicraft's application for a trademark
27 registration with the USTPO. On September 12, 2006, however, a trademark registration was
28 issued to Saipan Handicraft.

1 Defendants subsequently filed substantial documentation with the United States Trademark
2 Trial and Appeals Board to assure that the registration was cancelled.

3 On October 19, 2006 the USTPO issued a cancellation order rescinding the September 12,
4 2006 trademark registration.

5 On March 20, 2007, the USTPO again issued a trademark registration to Saipan Handicraft,
6 notwithstanding the pending opposition proceedings with the United States Trademark Trial and
7 Appeals Board.

8 Defendants again filed documentation with the United States Trademark Trial and Appeals
9 Board to assure that the registration was cancelled.

10 On September 13, 2007 the USTPO issued a cancellation order rescinding the September
11 12, 2006 trademark registration.

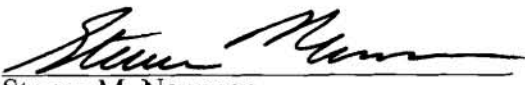
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13 **III. CONCLUSION.**

14 In light of the foregoing, Defendants respectfully request that the Court dismiss Plaintiff's
15 action. Alternatively, Defendants request the imposition of attorneys' fees and costs incurred as a
16 result of Plaintiff's failure to prosecute the present matter.

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18 RESPECTFULLY SUBMITTED this 31st day of October 2007.

19 Law Office of Edward Manibusan

20
21 By:


22 Steven M. Newman
23 Attorney for Defendants LK Corporation,
24 d.b.a. Rota Handicraft and Lee Byung Deuk.
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